

**PENGANA CAPITAL GROUP LIMITED  
ANNUAL GENERAL MEETING  
23 OCTOBER 2019**

**CHAIRMAN'S ADDRESS**

Good morning everyone. On behalf of my fellow directors, I would like to welcome you all to the 2019 Annual General Meeting of Pengana Capital Group Limited.

My name is Warwick Negus and I am the Chairman of your Company.

It is now just after 9:30am and I call this meeting to order.

With me today are my fellow directors, Jeremy Dunkel (Chair of our Remuneration Committee), David Groves (Chair of our Audit Committee), Kevin Eley and Russel Pillemer (our Managing Director).

I would also like to introduce Paula Ferrao, our Company Secretary and we also have various members of our management team here as well.

Also present today is Mr Matt Adam-Smith, a representative from our auditor, Grant Thornton, who will be available to address any questions relating to the Company's Financial Statements.

May I please remind you to switch your mobile devices to "silent".

I have been advised by our Company Secretary that a quorum is present, and I am pleased to declare the meeting open.

The notice of Annual General Meeting has been circulated to all shareholders and the holders of over 72 million shares or 71% of the Company's ordinary shares have voted.

The agenda for today's meeting is as follows:

I will first give you a brief overview of the 2019 financial year for Pengana and, following my address, I will invite our Managing Director, Russel Pillemer, to discuss the Company's financial results, strategy and outlook in more detail. Following Russel's presentation, I will formally move the three Resolutions in the Notice of Meeting and invite questions and comments. Each of the resolutions to be considered at this meeting will be taken to a poll. If available, I will announce the results of the poll and, if there is no further business, I will close the meeting and invite you to join us for morning tea.

Our focus in the 2019 financial year was to position Pengana to take advantage of current market conditions for future growth. This was achieved by restructuring the business, directing our efforts to our International Equity strategy and through the successful launch of the Pengana Private Equity Trust (ASX: PE1). Russel will touch on each of these points more fully in his address.

The restructure of the business involved closing unprofitable components, including the closure of our loss-making Singapore operations. In the short term, this decision reduced our funds under management; however, we channelled the cost savings from closing these unprofitable strategies into our sales and distribution capabilities, allowing us to reach a wider base of potential investors and thereby increase inflows across our products.

Success in a fund management business is dependent upon two things; investment performance and distribution. To some extent, distribution is dependent upon successful investment performance. Our aim longer term is to

insulate shareholders from poor performance by managing a range of funds and provide our investors a diversified set of asset classes. In the year past our International investment performance was positive whilst our domestic equities strategies were not which put a drag on Pengana's ability to continue to grow funds under management. Longer term we are confident of the capabilities of all of our investment teams and fully supportive of their ability to continue to deliver for investors.

Since the restructure, a particular area of focus for our distribution team has been marketing our International equity strategies for increased inflows. The most important component of this is ensuring positive ratings which has largely been achieved. The strategy currently comprises \$800 million of the \$3 billion Pengana has under management, and with a capacity of around \$7 billion, represents a key growth opportunity for Pengana.

Finally, in April of this year Pengana successfully launched the Pengana Private Equity Trust (ASX: PE1), raising \$205 million. At \$16.6 million, the cost of launching PE1 was a reason for Pengana's loss posted for the 2019 financial year. However, the Trust is a key asset for the business given it represents long-term capital, delivers relatively high margins and has a large potential for growth.

As announced today, in early calendar 2020, Pengana intends to undertake a further raising for PE1. The strong performance of PE1 since its launch, combined with the prevailing current environment of low interest rates and highly volatile equity markets, has seen the Pengana team inundated with demand from investors for additional exposure into private equity. Russel in his presentation will give you more detail regarding the proposed structure of the offer.

In the first half of this calendar year, the Company's share price fell steadily on very little volume, reaching a low of \$1.40 on 21 August. In response, the Board announced in June its intention to buy back up to 10% of the Company's issued capital over a period of twelve months. The buyback commenced on 29 August and since that date, 319,069 shares have been bought back, at an average price of \$1.76. The PCG share price closed at \$1.80 yesterday (the 22 October 2019).

A dividend was not paid for the six months to 30 June 2019, as the Board was of the view that applying our capital to the share buy-back was more beneficial for shareholders, given the buy-back's potential for significant shareholder value accretion.

As I indicated in my letter to shareholders included in the Company's 2019 Annual Report, the lack of any dividend for the 6 months to 30 June should not be taken as a signal for future dividends, as the Board remains committed to paying out a significant proportion of underlying profits as dividends on an ongoing basis.

Pengana's aim is to provide our clients with best in class investment products that deliver consistent returns at any stage of the market cycle. Managing the Company with discipline, remaining focused on our core products and positioning ourselves to meet the future needs of our clients will allow Pengana to deliver growing value to shareholders. On that note, I will now hand you over to Russel who will give you more detail on the proposed PE1 capital raising.

In closing, I would like to thank my fellow Board members and the Pengana team for their hard work and dedication.

Warwick Negus  
Chairman  
Pengana Capital Group Limited